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Mobile Caterers and Commissaries

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This guide explains when mobile caterers and commissaries should charge retail sales tax on prepared foods. It also describes a simple system that mobile caterers may use to report the retail sales tax collected.

PREPARED FOOD PRODUCTS - \$2.00 EXEMPTION

The prepared food products you sell for a total charge of \$2.00 or less are not taxable. You must, however, charge tax on the full amount for food items sold for a total charge of more than \$2.00.

Prepared food products include food items such as sandwiches, salads, roast beef dinners, sausage rolls, hot dogs, french fries, pies, soups, tea, coffee, milk, fruit juice, and any other arrangements of food that you sell.

Soft drinks are taxable except when sold with a prepared food product for a total of \$2.00 or less.

SNACKS AND CANDIES

Snacks are not prepared food products, therefore they do not affect the \$2.00 exemption. All snack foods are taxable unless sold for less than 21 cents. Some examples are potato chips, corn chips, pretzels, salted nuts, pre-packaged snack cakes or pastries such as doughnuts, cupcakes, muffins, snack cakes, and cookies.

Candies remain taxable unless sold for less than 21 cents.

MOBILE CATERERS TO BE REGISTERED VENDORS

Mobile caterers must register with their local Retail Sales Tax Office and obtain a vendor permit. As a vendor you must:

- o keep the permit in your truck; a customer has a right to see it upon request;

- o issue a purchase exemption certificate to commissaries or other suppliers for items you buy to resell; this allows them to sell to you without charging sales tax;
- o pay sales tax on items you buy for your own use;
- o charge and collect 7% retail sales tax where due; this would include prepared food products sold for a total charge that exceeds \$2.00, candies and snacks where the price is 21 cents or more, and tobacco and tobacco products; and
- o send the tax collected to the Ministry of Revenue by the due date shown on your return; make your cheque payable to the Treasurer of Ontario.

TAX REPORTING SYSTEM

Sandwiches, soup, hot dogs, hamburgers, french fries, coffee, tea, milk, fruit juices and hot chocolate sold individually at a price of \$2.00 or less, and soft drinks sold with a prepared food product for a total charge of \$2.00 or less, will account for most of the non-taxable sales caterers make. Because of this, and taking into account exempt sales of newspapers, the Ontario Caterers Association (Mobile), using the sales records of selected members, has estimated that for every \$100 of cash you receive:

\$38 are taxable sales plus tax collected - 38%	- 62%
\$62 are non-taxable sales	

As an alternative to recording separately the tax charged on each transaction, the Retail Sales Tax Branch will allow you to remit tax based on 38% of your total cash receipts. For example, if your total receipts for the month were \$13,500 you would calculate the tax to be remitted as follows:

Total Receipts	\$13,500
Sales Made Tax-Included = 38%	
= $\frac{38}{100} \times \$13,500$ =	\$ 5,130
Amount of Tax in Receipts	
= $\frac{7}{107} \times \$5,130$ =	\$ 335.61

Approximately the same result may be achieved by simply multiplying total cash receipts by 2.5%, thus

2.5% of total cash receipts	
= $0.025 \times \$13,500$	\$ 337.50
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RECORDS

Mobile caterers must keep records to show purchases, sales, and sales tax remitted.

In the absence of these records, the Retail Sales Tax Branch may use other means to determine the sales you made and how much tax you should have remitted. Any shortages in the tax you remit will be assessed against you.

COMMISSARIES' RESPONSIBILITIES

A commissary who sells prepared food products from trucks may use the above system that is available to mobile caterers for this part of his business. You must also:

- keep a copy of your permit in each truck from which you sell; your customers have a right to see the permit upon request;
- send the tax collected to the Ministry of Revenue by the due date shown on your return; make cheques payable to the Treasurer of Ontario;
- when you sell to a caterer for resale he must provide you with a properly completed purchase exemption certificate, otherwise you must collect tax on these sales;
- pay sales tax on items you buy for your own use; and
- keep records to support your purchases, sales, and sales tax sent in with your return.

<p>Pour obtenir cette publication en francais, veuillez communiquer avec votre bureau regional de la Taxe de vente au detail.</p>
